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Economic
Development
And Trade

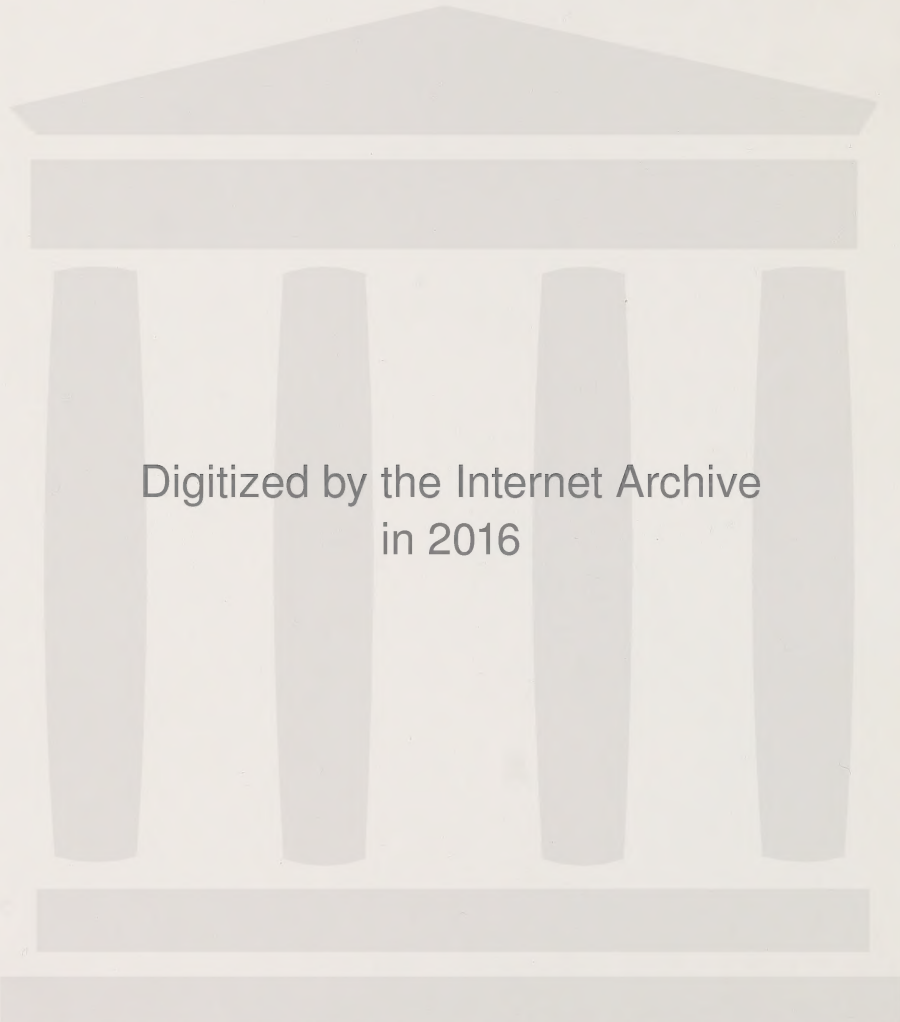
Financial Program Guide For Alberta Exporters



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Financial Program Guide

for

Alberta Exporters

Alberta

ECONOMIC DEVELOPMENT
AND TRADE
Business Finance Development

Financial Program Guide for Alberta Exporters

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Market Development Assistance Program

PURPOSE:

The Market Development Assistance Program provides assistance to Alberta businesses by sharing the financial risks of entering new markets for exporting their goods and services on a basis where the costs are commensurate with the benefits to Alberta.

LIMITATIONS:

The program is not meant to support normal export business activity, maintain existing markets or obtain new business in a market area where the company is already established.

Only manufacturers and service businesses offering exportable services can apply.

FINANCIAL ASSISTANCE:

Financial assistance for sharing some of the cost of developing export sales is available to support the following activities:

- market identification and/or sales trips
- out-of-province trade fair exhibitions
- incoming buyers visits

This program is intended to augment assistance available through the Federal Department of Regional Industrial Expansion (Program For Export Market Development, PEMD).

Assistance cannot be granted where the company is receiving assistance from the federal government on the same project.

Payments will be made only after an application has received ministerial approval, the expenses have been incurred and supported by proof of payment and the submission of a project report.

Costs incurred prior to application date are not eligible for cost sharing.

Applications should be submitted to the Trade and Investment Division six weeks before the commencement of the project.

The Trade and Investment Division staff are available for guidance and assistance in the preparation of applications.

ELIGIBLE COSTS:

- Per diem allowance will be \$100 per day on approved marketing projects in Canada, \$125 per day in the United States or any other foreign country.

Five days in any one country will be allowed with a maximum of 14 days for any one project application.

- Trade fair participation is eligible for assistance and calculated as follows: number of days the fair is open, one day to set up display and one day to dismantle display up to a maximum of 5 days.

Special costs directly related to the participation in the trade fair such as rental of exhibit space and transport of display will normally be shared at a rate of 50 per cent.

- Transportation will be shared at the rate of 50 percent of return economy airfare or equivalent. Any charges for the transport of a display will be shared at the rate of 50 per cent of actual costs up to a maximum of a \$1,000 department contribution.
- Invitations to incoming buyers will be allowed a per diem allowance of \$100 per person for each business day the incoming buyer is with the host firm for a maximum of five days.

Transportation costs will be shared at the rate of 50 per cent of return economy airfare to the farthest point on the agreed itinerary.

All communications and information provided by the company will be treated commercial confidential.

Each application will become a binding agreement only after it has been approved and signed by the minister of Alberta Department of Economic Development and Trade.

Companies will be informed in writing whether approval of the application has been granted and what eligible costs have been approved.

The total grants allowed per applicant company within any fiscal year (April 1 - March 31) will be \$5,000 maximum subject to availability of funds.

Applications, where applicable, must be accompanied by a letter of refusal issued by the office which administers the Federal Program for Export Market Development (PEMD).

Applications received after the commencement of an activity will not be accepted.

Final decision with respect to the provision of assistance rests with the Minister.

ELIGIBILITY:

The applicant must ...

- Be incorporated or registered by or under an act of the Legislature of a Province or the Parliament of Canada, or be an individual who has an established production facility, plant or place of business in Alberta. (Sales agents and trading houses are not eligible. However, a company that meets the program criteria may apply to have agents or trading houses represent them.)
- Be engaged, for at least one year, in manufacturing or the provision of services where total annual sales are not more than \$10 million and not less than \$80,000.
- Demonstrate that the proposed project is designed to penetrate a new market area.
- Provide an overall marketing plan of which this project is an integral part.
- Have the ability, either demonstrated or potential, for competitive performance in new markets.
- Have proven management competence and financial capability with positive net worth and working capital.
- Complete the prescribed application, statutory declaration form and provide the required financial statements less than six months old.

Applications for attending trade shows, seminars or conferences where products will not be exhibited will not be considered.

The project must ...

- Involve a geographic area that is **new** to the applicant.
- Be specific in terms of dates, products or services and location.
- Be unlikely to take place without grant assistance.
- Include substantial Alberta content in material and labour.
- Involve a product or service that has been manufactured or is available at the time of the application.
- Make good business sense relative to costs, the company's production capabilities and financial position, with a reasonable probability of success.

PROCEDURE:

To apply for assistance under the Market Development Assistance Program, the applicant can request an application form from:

Alberta Economic Development and Trade
Business Finance Development
12th Floor, Sterling Place
9940 - 106 Street
Edmonton, Alberta T5K 2P6
Telephone: (403) 427-3300

Alberta Guarantee Program for Alberta Exporters

PURPOSE:

The purpose of this program is to provide support to Alberta-based businesses by means of a government guarantee of loans made by financial institutions. The loan guarantees are to enable businesses to be more competitive in obtaining export sales internationally, interprovincially, or within the province when competing with bidders outside the province.

LIMITATIONS:

The program minimizes government involvement in the decision making and administration of such loans. The lenders are to undertake the normal credit assessment and make all decisions on whether a loan will be made and, if so, set the terms and conditions.

FINANCIAL ASSISTANCE:

Any loans guaranteed under the program would be subject to a maximum of \$5 million for any business at one time and will not exceed the lesser of 100 per cent of the producer's costs of the total project to be undertaken or 85 per cent of the sales proceeds of the order or contract.

The interest rate would be negotiated between the borrower and the lending institution.

A processing and documentation fee based on the following schedule is to be paid with submission of an application for a guarantee:

- Guarantees up to 1 year $\frac{3}{8}$ of 1 per cent of the loan amount
- Guarantees up to 2 years $\frac{1}{2}$ of 1 per cent of the loan amount
- Guarantees up to 3 years $\frac{3}{4}$ of 1 per cent of the loan amount

All applications are subject to a minimum charge of \$250, and cheques are to be made payable to the Provincial Treasurer.

The maximum term available under the program is three years.

Principal payments on the guaranteed loan would be periodic as payments are received from the purchaser, or from the proceeds of any claim for insurance or other guarantees relating to the project.

As a minimum, a lender must take an assignment of proceeds under the contract or order being financed, assignment of insurance of the assets held as security, charges on any inventories relating to the specific contract or order being financed, any guarantees relating to payment of such contracts or orders and any other supporting security dictated by prudent lending practices.

The amount of the claim under a guarantee would be 85 per cent of the net loss incurred with regard to the loan (including disbursements for protection of the assets and costs of effecting collection of loan principal and accrued interest) after deducting proceeds from realization of all security taken in support of the loan.

Any branch of a chartered bank, trust company, credit union, or a Treasury Branch is approved to make and administer these government guaranteed loans.

ELIGIBILITY:

The applicant ...

- can be any business operating in Alberta for profit which manufactures or processes products which will be shipped to purchasers outside Alberta or which replace products being imported into the province. Alberta based export consortiums and trading companies which purchase and take title to finished goods manufactured or processed in Alberta for export may also be eligible, subject to approval by Alberta Economic Development and Trade. The business must have a confirmed order or contract to supply a product.

The loan ...

- would be used for working capital requirements for the production of the related orders and specifically as follows:
 - (a) raw materials
 - (b) labor
 - (c) work in progress
 - (d) finished goods inventories
 - (e) shipping
 - (f) carrying receivables
 - (g) letters of credit in support of Bid Bond and Performance Guarantees
 - (h) overhead costs which can be directly related to the project
 - (i) purchase of finished goods, manufactured or processed in Alberta for export by trading companies

PROCEDURE:

A business should approach an eligible lender of its choice and provide the usual information in support of an application for a loan. If a lender decides that a loan can be made subject to receipt of a guarantee, but not otherwise, the lender should so stipulate in a written offer of credit to the borrower. The applicant will then complete an application form (available from the lender or the department) and forward it, together with a copy of the offer of credit, to:

Alberta Economic Development and Trade
Business Finance Development
12th Floor, Sterling Place
9940 - 106 Street
Edmonton, Alberta T5K 2P6

TO: Minister of Economic Development & Trade
c/o Business Finance Development
12th Floor, Sterling Place
9940 - 106 Street
Edmonton, Alberta
T5K 2P6

Application for an Export Loan Guarantee

1. Name and address of applicant:

2. Nature of applicant business, and name(s) of owners or major shareholders.

3. The applicant business operates for profit: Yes _____ No _____

4. The loan is not available without a Provincial Government guarantee: Yes _____ No _____

5. Describe the project to be financed by the guaranteed loan:

6. Describe the benefit which will accrue to the Alberta economy as a result of undertaking the project:

Employment	Existing	Proposed
------------	----------	----------

Increases in export sales:

Diversification of manufacturing or processing base:

APPLICATION FOR AN EXPORT LOAN GUARANTEE — Page 2

Other:

7. Provide essential details of the order or contract giving rise to the project, and its value (do not attach copies):

8. The applicant herewith provides financial statements for the business for the latest twelve month fiscal period and month by month cash flow forecast for the project to be undertaken:

Yes _____ No _____

9. The applicant agrees that the Government may appoint an auditor of its choice, at its expense, to review all documents relevant to the project to be undertaken:

Yes _____ No _____

10. The applicant encloses an accepted letter of financing from a financial institution setting out the terms and conditions of the loan.

Yes _____ No _____

11. The applicant hereby authorizes the lender to provide any information required to the Provincial Treasurer.

Yes _____ No _____

12. Detail any financial assistance received from any Alberta Government Department or Agency.

13. Cheque payable to the Provincial Treasurer in the amount of \$ _____ for documentation and processing fee is attached.

Applicant company:

Date _____ per: _____

Export Services Support Program

PURPOSE:

In many instances the initial costs involved for feasibility studies and preparation of bids or tenders, restricts the participation of Alberta based businesses in competing for projects outside of the province, even though they may have the required technical expertise.

The objectives of this program are to encourage Alberta business to more aggressively pursue specific projects outside of Alberta by assisting with financing for extraordinary costs (excludes normal marketing costs) to prepare feasibility and other relevant studies or tenders including demonstration projects that could eventually lead to contracts for Alberta goods and services.

LIMITATIONS:

The program will not assist with speculative ventures where a definite interest by a client or end user for a specific project is not in evidence and it is intended that all applications to the department will involve principals (not agents or brokers).

Funding will not be available to assist with capital costs of demonstration models, nor to assist with capital costs of establishing joint ventures for production facilities outside of Alberta. Costs for research and development of a product are not included, nor are normal market development expenses.

This program is intended to augment assistance available through the Federal Department of Regional Industrial Expansion (Program for Export Market Development, PEMD) and the Canadian International Development Agency (Canadian Project Preparation Facility).

When warranted, assistance over and above any that may be provided by the federal government could be available under this program, however, the Alberta contribution may not exceed that of the applicant. It is intended that the program will encompass a broad range of Alberta businesses and encourage those not currently involved, to participate in competition for projects outside of Alberta.

FINANCIAL ASSISTANCE:

This program will assist Alberta based firms to participate in areas of design, engineering, construction and manufacturing, leading to a closely identifiable downstream contract, that could not otherwise be undertaken, by funding up to 50 per cent of approved study or bid costs to a maximum of \$150,000 for each project, with a \$500,000 ceiling for any one applicant.

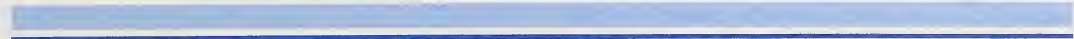
ELIGIBILITY:

Each application must demonstrate that the economic benefits to Alberta bears an acceptable relationship to the amount of assistance requested.

PROCEDURE:

Businesses with a need for assistance under the program may submit a proposal incorporating the information outlined below to the Senior Director, Business Finance Development, 12th Floor, Sterling Place, 9940 - 106 Street, Edmonton, Alberta T5K 2P6.

- Company history, profile, ownership, and names of directors and officers.
- Financial statements of the applicant(s) for the latest and two previous fiscal periods, to confirm the applicant(s) ability to finance its own share of the costs related to the proposal and to demonstrate the financial capacity to undertake the downstream project being pursued.
- Names of the members of any export consortia established to facilitate completion of the project and the agreed benefit to each from the grant proceeds.
- Name and location of the potential buyer and evidence that a specific study, bid or product demonstration has been requested (with specific terms of reference provided) and that the activity could lead to a downstream project.
- Details of financing arranged, or to be arranged, for the downstream project. In the absence of any firm arrangements, indicate the source which will consider providing such financing and its knowledge and interest in the project.
- Scope of study, bid or demonstration project requirements:
 - (a) Details of various functions to be performed.
 - (b) Names and resumes of personnel involved.
 - (c) Deadline for bid/study submission and estimated date of award for a contract.
- Detailed budget to reflect the following:
 - (a) Number of hours or days for each person directly involved in the activity and rate of pay based on previous year's T-4 slips.
 - (b) Overhead costs covering other support costs (payroll burden, technical support, secretarial, communication costs, photocopying and incidentals, etc.) to a maximum of 100 per cent of costs shown in (a) above.



- (c) Travel costs (economy class), broken down to indicate destination, activity to be performed outside of Alberta, number of persons and number of days for each trip.
- (d) Accommodation and subsistence allowance, not to exceed \$150 per day spent outside of the country and \$100 per day in Canada.
- (e) Outside services as applicable at cost.
- Estimated value of the downstream project, completion date and amount of Alberta content, broken down to reflect material procurement and labour employed.
- Names of known competitors anticipated in this project and an assessment of the applicant's position in the competition.
- Copy of requests for assistance under Government of Canada incentive programs. (Name and location of person(s) approached and evidence of decision).
- Report of achievements gained through other government grants/assistance to date.
- Return of the attached statutory declaration properly attested or sworn by a person duly authorized by the applicant.

ADMINISTRATION:

Up to one-half of the authorized grant may be disbursed to the applicant for reimbursement of approved project expenditures upon certification by an independent auditor, at the applicant's expense, in a format recommended under Section 5815 and, where necessary, Section 5805 of the Canadian Institute of Chartered Accountants Handbook. The balance will be released and accounted for in a similar manner. When a downstream contract is obtained, all funds advanced by the government will be repaid from proceeds received by the applicant on any contract obtained as a result of the cost shared activity.



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ACTIVITY BUDGET

PROJECT

ACTIVITY TO BE COST SHARED

NAME AND ADDRESS OF APPLICANT _____

Signature: _____

Position: _____

Name: _____
Date: _____

Statutory Declaration

CANADA

PROVINCE OF ALBERTA

TO WIT:

IN THE MATTER OF AN APPLICATION BY

_____ (the "Applicant")

FOR AN EXPORT SERVICES SUPPORT PROGRAM GRANT

I, _____ of the _____ of _____ ,
in the Province of Alberta, do solemnly declare as follows:

1. I am the _____ (position) of the applicant and as such have personal knowledge of the matters hereinafter deposed to;
2. all statements made and all material provided by or on behalf of the Applicant to the Alberta Crown in support of its application for an Export Services Support Program grant are complete, true and correct;

and I make the solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath.

DECLARED before me

(Name of Commissioner)

at the _____ of _____
_____, in the _____
Province of Alberta, this _____
_____ day of _____
_____, 1988.

A Commissioner for Oaths in and for the
Province of Alberta.

(Signature of Declarant)



N.L.C. - B.N.C.



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ECONOMIC DEVELOPMENT
AND TRADE

BUSINESS FINANCE DEVELOPMENT

12th Floor, Sterling Place

9940 - 106 Street

Edmonton, Alberta

Canada T5K 2P6

Telephone: (403) 427-3300